
**Test Package for Electronic
Filers of Individual Income
Tax Return for Tax Year
2005**

PARTICIPANTS ACCEPTANCE TESTING SYSTEM (PATS) TY 2005

WHO MUST FILE?

The Electronic Program Operations requires that all software developers and transmitters perform the tests in this Test Package before they can be accepted into the electronic filing program for the 2006 (Tax Year 2005) filing season.

WHY TEST?

The purpose of testing is to ensure, prior to live processing that:

- 1) filers transmit in the correct format and meet the IRS electronic filing specifications;
- 2) returns have few validation or math errors;
- 3) required fields post to the IRS master file; and
- 4) filers understand and are familiar with the mechanics of electronic filing.

WHAT IS TESTED?

The test package for the 2005 Participants Acceptance Testing System (PATS) consists of thirty-eight (38) return scenarios. Each scenario includes the applicable W-2s, W-2Gs, 1099G, 1099-Rs, 1040s, 1040As, and 1040EZs. The test returns include all forms and schedules accepted for electronic filing. Test 8 is the return to be used if you will be participating in the Federal/State electronic filing program. You should add the appropriate information in the generic state record and transmit the return as part of your regular transmission. Specific instructions are available from participating states.

The scenarios provide the information needed to prepare the appropriate forms and schedules; however, computations and data for all lines have not been provided. Therefore, knowledge of tax law and tax preparation is necessary. You must correctly prepare and compute these returns before transmitting the tests. To eliminate the time spent by IRS staff in reviewing your final transmissions, it will be to your advantage to use the phrases and abbreviations appearing in the test package, and enter the data in the same order as it appears in the scenario. You must also transmit the test returns in consecutive ascending SSN order. It is important that you enter the correct Return Type and Source Return Indicator.

Test Password - New or revised applicants who will be transmitting to the IRS for PY 2006 will receive an eight-digit alphanumeric test password. This password will be mailed to the applicants. It will be valid at the beginning of PATS, which will begin November 09, 2005. The production Passwords will be mailed out as we have done in the past. **Please remember to contact your home-processing site if you forget your test password.**

New Changes in PATS Transmission Sites and Assistance - This year, PATS Test returns will be transmitted to the same sites as all e-file returns. The five sites are: Andover, Austin, Kansas City, Fresno and Philadelphia. You will be able to transmit and received your acknowledgements from these sites.

For PATS Testing Assistance, you should continue to call 1-866-255-0654.

SPECIAL NOTES CONCERNING TEST SCENARIOS

The Answer File can provide only one answer for each scenario line item. Since there may be alternative ways to prepare the return, it may be necessary to discuss your method of preparation with the tax examiner to resolve any mismatches. In each scenario, under the heading "OTHER", information may be present which might help clarify the scenario. Any optional forms mentioned in the test are included in the PATS Answer File. Some W-2s may be non-standard.

Since every conceivable condition cannot be represented in the test scenarios, you may want to test any conditions you feel are appropriate once you have passed the test scenarios provided in the test package. Suggestions for the additional scenarios are welcome and, if accepted, can be added to the Tax Year 2006 package.

Some tests will indicate under the heading "PREPARED BY" that they were prepared by a specific fictitious paid preparer, or that the IRS assisted the taxpayer (non-paid preparer information), or that the taxpayer prepared the return. You must provide for the transmission of Third-Party Paid and Non-Paid Preparer information as specified in the scenarios. Where this information is blank, you are to supply the information that is appropriate for your situation; i.e., as if a preparer in your office(s) had prepared the return. (See Attachment 6 of the File Specifications, Pub. 1346, for more information on Non-Paid and Paid Preparer fields.)

Tests **33** and **34** have Electronic Filing Identification Numbers (EFINs) printed on the top of the first page of the scenario. These are to be used by Electronic Return Originators who wish to test their ability to monitor and assign DCNs on returns collected from other EROs. If you are not a collector, then use your own EFIN in the DCN.

Forms W-2, W-2G, and 1099R contain state wages and withholding. If the test scenario includes a Schedule A, the state withholding is included in the amount given for line 5 of the Schedule A.

WHEN TO TEST

When you are ready to test, starting November 09, 2005, please call the e-Help desk at the new centralized toll-free number:

1-866-255-0654

They will assign a tax examiner to assist you in successfully completing the tests.

REVIEWING ACK FILES AND CORRECTING TESTS

You may transmit as many test returns as necessary until you receive no error messages; however, Test 11 will always be rejected. This is to provide you with experience in reading the Error Records contained in the Acknowledgement File. Test 11 will be rejected with Error Reject Code 0500. The Primary-SSN (Field 0003) of the Record ID for Form 1040, Page 01, and the Name Control (SEQ 0050) must match the corresponding data in the IRS Master File, and you will not be able to correct it. While you are solving problems, you may transmit only the problem returns until you have no rejects. You may modify tests to include only conditions your software will handle, e.g., if you can transmit only 10 W-2s, then on the test with 20 W-2s, transmit 10, and adjust your figures accordingly. You must inform the tax examiners of any forms you do not intend to file so they will understand why the answers do not agree with the Answer File.

FINAL TRANSMISSION

Once you receive no rejects, other than Test 11, you will be required to transmit the returns in two separate, same-day transmissions, including the test with the Error Reject Code 0500 rejection. You are required to make two separate transmissions in the same day in order to test the ability of your software to increment the transmission sequence number that appears in the TRANA record. Tests 1-19 should be in the first transmission and Tests 20-38 in the second transmission (exclude the on-line test scenarios if not applicable to you).

REVIEW OF PARTICIPANTS RETURNS FILE (PRF) AGAINST PATS ANSWER FILE

This transmission (PATS I) will be compared against the **PATS ELF Answer File**. The comparison program checks each byte and prints out the fields that differ. The tax examiner will review the printout and will discuss any problems with you. Some fields will differ and are not considered incorrect, but others **MUST AGREE EXACTLY**. These fields are all SSNs, ATINs, EINs, ITINs, RTNs, account numbers, percentage and date fields, and the entity portion of the 1040 Family and ETD Forms 56, 2350, 4868 and 9465. When these mis-compares are either accepted or corrected, you will pass PATS Testing.

Remember: The Tax Examiner will not run a "Compare" until there are no reject conditions for the test returns on the ACK file (with the exception of the forced reject of Test 11).

COMMUNICATIONS TEST FOR THE e-file SYSTEM

There are two primary EMS sites: Enterprise Computing Center at Memphis (ECC-MEM), (which hosts Kansas City and Fresno) and Martinsburg (ECC-MTB) (which hosts Andover, Austin and Philadelphia). If you are a Software Developer/Transmitter and plan to transmit returns to more than one service center, you are only required to send a transmission to one node (your primary service center). You must then complete an e-file communications test by transmitting five returns in two same-day transmissions (three returns in one transmission and two in other). A Software Developer/Transmitter must pass the communications test with software using the asynchronous (ASC) protocol.

If you are a Preparer/Transmitter using accepted software, you must complete an error-free communications test by transmitting five returns in two same-day transmissions (three returns in one transmission and two in the other) to one EMS site. The communication test must reflect the types of returns you will be filing (i.e. if you will be transmitting all three types of Forms 1040, your test should consist of at least one 1040, 1040A, and 1040EZ). A Preparer/Transmitter must pass the communications test with software using the asynchronous (ASC) protocol.

A Software Developer who will not transmit need not perform a communications test for the ELF system.

TESTING ON THE ELECTRONIC TRANSMITTED DOCUMENT (ETD) SYSTEM

The Electronic Transmitted Document, or (ETD) System, processes forms that are not attached to a Form 1040, 1040A, or Form 1040EZ. A separate transmission file (PATS II) should be created for the ETD System using prescribed data from selected scenarios.

The ETD file is composed of thirty-six (36) intermixed Form 9465, Form 4868, Form 56 and Form 2350.

This transmission will be compared against the PATS ETD Answer File. Once you receive no rejects, you will be required to transmit the returns in two separate, same-day transmissions. Test 1-17 should be in the first transmission and 17-33 in the second transmission.

COMMUNICATIONS TEST FOR THE ETD SYSTEM

If you are a Software/Transmitter and plan to transmit returns to more than one center, you may send a transmission to one node at EMS site for your primary service center. You must then complete an ETD communications test by transmitting five returns in two same-day transmissions (three returns in one transmission and two in the other) with each EMS site. A Software Developer/Transmitter must pass the communications test with software using the asynchronous (ASC) protocol.

If you are a Preparer/Transmitter using accepted ETD software and you have passed PATS communications testing for 1040 electronic returns, it will not be necessary for you to do an ETD communications test. A Software Developer, who will "NOT" transmit, need not perform a communications test for the ETD system.

USING YOUR OWN TEST

When you have been notified that you have passed the PATS test, you may test with data of your own, provided that you are using your TEST password. You must use the word **"TEST"** as the first name of the taxpayer, and you may use any of the SSNs within the test package. DO NOT use any other SSNs.

TESTING GUIDELINES FOR SOFTWARE DEVELOPERS

You must advise the Service Center of all limitations to your software package at time of first contact, before testing begins. Your software does not have to provide for all forms and schedules, nor for all occurrences of a particular form or schedule.

If your software cannot provide for all occurrences of a particular form or schedule or series of fields, as specified in Publication 1346, no statement record is allowed.

You must do the complete form with all fields included. An acceptable limitation would be the number of field occurrences.

Your software must be able to create a statement if a statement is necessary to complete a form.

Your software must be able to accept different addresses from multiple W-2 Forms. The 1040 entity address must "NOT" automatically transfer to the W-2 address. All information on Form W-2 must be entered in the Form W-2 record. There are no exceptions.

You must advise the Service Center of all names you will be using to market your product.

ELECTRONIC FILING BULLETIN BOARD SYSTEM

The Electronic Filing Bulletin System operates seven days a week. The system is unavailable at 4:00 a.m. Eastern Time for about 30-60 minutes for maintenance. This system provides general Electronic Filing Program information as well as specific information concerning changes to this and other publications.

Filers, using an asynchronous modem (14.4 or less) and communication software can access the bulletin board by dialing:

(859) 292-0137

The communication software should have the following protocol: Full Duplex, No parity, 8 data bits, and 1 stop bit.

For additional information and assistance regarding the bulletin board, contact the bulletin board technical staff at (859) 669-5031.

FEDERAL/STATE PARTICIPANTS ACCEPTANCE TESTING (PATS)

Software Developers will be tested by each individual state using a state provided test package. The applicable State Liaison will respond to all Software Developer questions related to state testing.

CONCURRENT TESTING

Concurrent Testing allows Software Developers to begin state testing, through any IRS ELF Service Center, prior to obtaining final acceptance from the IRS for the Federal PATS process. The primary service center is defined as the center that supports the state where the Software Developer is physically located. The Software Developer must contact the state coordinator who, in turn, will schedule state testing with the primary service center.

The Software Developer may be required to create specific data from state test scenarios. The state coordinator will have information about specific testing procedures for each state.

TECHNICAL ASSISTANCE

The Software Developer will continue separate federal testing, at the primary EMS site, using the Federal test scenarios until they accept them for federal filing. Procedures in place for Federal Participants Acceptance Testing will not change.

The primary Service Center will provide technical assistance on Federal returns only. The state coordinator must respond to any problem encountered by the Software Developer with state data. The state coordinator will work with the Software Developer to resolve all reject conditions on state returns.

The primary IRS will perform limited testing on the state generic and unformatted records. If these records are not rejected by the automatic checks in the IRS programs, the IRS will make the state data available to each state agency for further testing.

The IRS will not perform a "Compare" to look at specific state data. Each state will test the state data and provide feedback to electronic filers. Filers should refer to each state's procedures and specifications.

Software Developers and Transmitters have requested that the IRS and states use different Social Security Numbers (SSNs) for their respective Acceptance Testing process. The following range of Test SSNs has been designated for use by the participating states in the state test packages:

ELF STATE ASSIGNED TEST SSNS

Arkansas	400-00-5500 to 400-00-5599
Alabama	400-00-7400 to 400-00-7499
Arizona	400-00-7500 to 400-00-7599
Colorado	400-00-5600 to 400-00-5699
Connecticut	400-00-5700 to 400-00-5799
Delaware	400-00-5800 to 400-00-5899
District of Columbia	400-00-7300 to 400-00-7399
Georgia	400-00-6600 to 400-00-6699
Hawaii	400-00-7900 to 400-00-7999
Idaho	400-00-5900 to 400-00-5999
Illinois	400-00-3500 to 400-00-3599
Indiana	400-00-4000 to 400-00-4099
Iowa	400-00-6000 to 400-00-6099
Kansas	400-00-4100 to 400-00-4199
Kentucky	400-00-4200 to 400-00-4299
Louisiana	400-00-4300 to 400-00-4399
Maryland	400-00-7200 to 400-00-7299
Michigan	400-00-4500 to 400-00-4599
Mississippi	400-00-4600 to 400-00-4699
Missouri	400-00-6100 to 400-00-6199
Montana	400-00-6800 to 400-00-6899
Nebraska	400-00-6200 to 400-00-6299
New Jersey	400-00-6300 to 400-00-6399
New Mexico	700-00-0000 to 700-00-2000
New York	400-00-4800 to 400-00-4899
North Carolina	400-00-4900 to 400-00-4999
North Dakota	400-00-7700 to 400-00-7799
Ohio	400-00-7600 to 400-00-7699
Oklahoma	400-00-5000 to 400-00-5099
Oregon	400-00-6400 to 400-00-6499
Pennsylvania	400-00-7100 to 400-00-7199
Rhode Island	400-00-6900 to 400-00-6999
South Carolina	400-00-5100 to 400-00-5199
Utah	400-00-5200 to 400-00-5299
Vermont	400-00-8000 to 400-00-8099
Virginia	400-00-7000 to 400-00-7099
West Virginia	400-00-5300 to 400-00-5399
Wisconsin	400-00-5400 to 400-00-5499

The IRS will only accept these SSNs during Participants Acceptance Testing (PATs). They will be rejected if submitted during live processing. The IRS Error Reject Code provided will advise filers that the SSN is not within the valid range of Social Security Numbers. Electronic filers who have been accepted into the Federal Electronic Filing System, and have begun transmitting federal returns, but wish to continue state testing must obtain a Test ETIN from the applicable IRS service center. Check the state procedures to determine if the state allows testing beyond January 16, 2005.

New Procedures for forms not in test scenarios - All the new forms to e-file were not included in the test scenarios. However, if you plan to develop any of these new forms, you may include them in one of the test scenarios. If there are no reject codes related to that particular form(s), this will indicate that you have met the file specification and may file the form(s). Your acceptance notification will include any of the new forms you transmit. After you have completed your PATS testing select a return(s) and attach whatever forms you plan to file that were not already included in the test scenarios. To ensure the form is completed according to our specifications, the money amounts that apply to other forms or schedules in that test scenario must be completed. There will be no compares on these forms.

Preliminary Answer files - will be in variable format. It will be posted as a file consisting of all the forms and schedules that are included in each test scenario. All the fields (sequence numbers) with the appropriate values will be in the file. When you have finished developing your test scenarios, your fields and values should be consistent with the field/values on the file.

HIGHLIGHTS FOR TAX YEAR 2005

New Form(s)/Schedule(s)

NOTE: All late Forms and Schedule changes related to late legislative and or Katrina changes will be added to PATS at a later date, at that time you should come back in and test those forms and schedules if they will be included in your software package.

Seven (7) additional forms will be accepted for Electronic Filing for Tax Year 2005:

- Form 8609-A - Annual Statement of Low-Income Housing Credit
- Form 8854 - Initial and Annual Expatriation Information Statement
- Form 8864 - Biodiesel Fuels Credit
- Form 8896 - Low Sulfur Diesel Fuel Production Credit
- Form 8901 - Information on Qualifying Children Who are not Dependents
(For Child Tax Credit Only)
- *Form 8914 - Exemption Amount for Taxpayers Housing Individuals
Displaced by Hurricane Katrina
- *Form 8915 - Qualified Hurricane Katrina Retirement
Plan Distributions and Repayments

***Late Legislative and Katrina Changes**

EMS Changes

- * An additional IMF Drain was added to the processing schedule. Drains will occur local times at 11am, 6pm and 2am.
- * Unisys will process an additional ELF Data run
- * "H" will be the new site designator code for Fresno
- * Capability for Trading Partners to change their password.
- * October 20, 2005 will be the last time to use IRS-provided dial-up and ISDN lines to EMS for Forms 1040 and Electronic Tax Documents (ETD's). Internet access replaces dial-up.
- * By November 1, 2005, all data must be encrypted when transmitted across either the Internet or via transmitter-installed encrypted dedicated/leased lines to EMS.

E-filing Imperfect Returns

TY 2005, Individual e-file will accept certain imperfect returns on the second or subsequent transmission of returns where the Child's SSN and Name Control on Schedule EIC does not match Master File or when the Dependent's SSN and Name Control on Form 1040/1040A does not match Master File.

- * These returns will reject the first time they come in when they do not pass ERC 0501 or 0504 validations.

- * On the second or subsequent filing with an ERC 0501 or 0504 error only, ELF will accept the return when the ERO checks SEQ 0035, Imperfect Return Election Indicator, on the Summary Record. An acceptance code of "E" will be returned in the ACK Key Record to the transmitter. (E = Exception Processing)

- * These returns will fallout in Error Resolution Systems (ERS), where the credit and/or exemption may be disallowed.

- * Processing time for these returns will be 4 to 6 weeks.

- * This exception processing applies to Federal returns transmitted separately (No Fed/State returns filings).

Federal/State e-file

The number of Unformatted Records will be increased from 9 to 25 for the States. New menu option for State Retrieval Access "Show State Return Menu". The state acknowledgment file reference name will have the format MMDDNN.Sss.

RAL Indicator Changed

The RAL Indicator is a required field for Forms 1040, 1040A and 1040EZ. The field description for the RAL Indicator (SEQ 1465) has changed to the following:

- * "0" = No Bank Product (No bank product was issued)
- * "1" = Pre-Refund Products or a Loan Product similar to RAL (Money borrowed by a taxpayer, from a lender, based on the taxpayer's anticipated income tax refund)
- * "2" = Post-Refund Products, Non-Loan Product similar to RAC (Taxpayers may choose this product to have preparers and other fees deducted from their refund instead of paying them up front. This choice uses direct deposit into a bank account usually set up by the preparer at a participating bank. The taxpayer is issued their refund after the IRS deposits it and the preparer has subtracted his/her fees).

NOTE: Error Reject Code 0299 has been revised to reflect this change.

Form 1040

For Tax Year 2005, a new field was added to the Form 1040 electronic record layout to identify disaster returns filed electronically.

Form 2106 - Because of changes in the Form 2106 instructions, we will be allowing the filing of two Forms 2106 per taxpayer (see also Attachment 11). Therefore each taxpayer (Primary & Secondary) could have up to two Forms 2106 and 1 Form 2106-EZ. HOWEVER, it is imperative that when both spouses are filing Form(s) 2106/2106-EZ, the Form(s) 2106/2106-EZ for the primary taxpayer MUST precede the Form(s) 2106/2106-EZ for the secondary taxpayer.

Form 4136 - Because of extensive forms changes for Form 4136, the record layouts this form have been completely revised and there have been major changes/additions to the Error Reject Codes for this form.

Form 8609 - Because of changes in the way this form will be processed, it will no longer be accepted electronically. This form will only be filed (on paper) every fifteen years.

Schedule A (Form 8609-A) and Form 8884 - are obsolete and will no longer be accepted electronically.

Form 8453/8453-OL

Two Submission Processing Centers will process TY2005 Forms 8453 (U.S. Individual Income Tax Declaration for an IRS e-file Return) and Forms 8453-OL (U.S. Individual Income Tax Declaration for an IRS e-file Online Return). Andover will process forms for returns transmitted to Andover and Kansas City. Austin will process forms for returns transmitted to Austin, Fresno and Philadelphia. A return accepted with an electronic signature method (PIN) does not require submission of a Form 8453/8453-OL.

Acceptable attachments to Tax Year 2005 Form 8453, U.S. Individual Income Tax Declaration for an IRS e-file Return or Form 8453-OL, U.S. Individual Income Tax Declaration for an IRS e-file Online Return, include:

- * Form 3115, Application for Change in Accounting Method
- * Form 3468, Investment Credit, Historic Structure Certificate
- * Form 5713, International Boycott Report
- * Form 8283, Noncash Charitable Contributions, Section B Appraisal Summary
- * Form 8332, Release of Claim to Exemption for Child of Divorced or Separated Parents
- * Form 8858, Information Return of U.S. Persons With Respect To Foreign Disregarded Entities
- * Form 8885, Health Coverage Tax Credit

Online Filing Transmissions

Transmitters of online returns are reminded to follow transmission rules contained in Section 1 - Data Communication, "Processing for 1040 e-file in 2006".

In accordance with Publication 1345, Handbook for Authorized IRS e-file Providers of Individual Income Tax Returns, transmitters of online return must include the letter "O" in the Transmission Type Code field (SEQ 0170) of the TRANA record. In addition, transmitters must ensure an online Electronic Filing Identification Number (EFIN) is used.

HELP

If you need assistance in formatting and transmitting your returns or have questions regarding these tests, contact the appropriate service center. Suggestions for scenarios are welcome. If you find errors or would like to comment on this Test Package, please e-mail or contact Sheila Rogers-Allen (Shelia.Rogers-Allen@irs.gov) or Carolyn J. Martin at the following address:

Internal Revenue Service
SE:W:CAS:SP:ES:I
C5-372 NCFB
5000 Ellin Road
Lanham, MD 20706
(202)283-4890

Internal Revenue Service
Attn: SE:W:CAS:SP:IEF:R
5000 Ellin Road
Lanham, MD 20706

Official Business Penalty for Private Use, \$300